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NEWS RELEASE**UD STUDENT INVESTORS MANAGE HEFTY INVESTMENT FUNDS
FROM NEW CENTER FOR PORTFOLIO MANAGEMENT**

DAYTON, Ohio — Rather than rolling out of bed, slapping on a baseball cap and guzzling a bottle of juice as he hurries to class, University of Dayton senior Adam Molina goes to his "office," checks overnight figures on Wall Street investments and organizes a meeting of his management team.

All without leaving campus.

Molina is the inaugural manager of the new Center for Portfolio Management and Security Analysis in the School of Business Administration at UD. The center serves as headquarters for Flyer Investments, the team of undergraduate students who invest two portfolios — an established competition fund of \$106,000 called the Flyer Growth Fund and the new Flyer VI²P Fund, which will grow by profits and yearly September infusions of \$250,000 into a million-dollar investment fund by 2001. The fund now stands at \$541,000.

Funds to establish the portfolio were approved by the board of trustees in May 1998.

"The center supports an outstanding program of education for careers in the high-growth investment industry," said Sam Gould, dean of the School of Business Administration at UD.

The \$1 million fund puts UD in the "big leagues" of about a dozen colleges across the country that provide substantial money for their students to invest, said David Sauer, associate professor of economics and finance who directs the center and teaches the 15 senior-level investment seminar students who manage the portfolios. "Not only does it provide hands-on experience for our students, but it raises the visibility of our program and helps us build bridges

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between students and professionals in the investment industry,” he said.

A third fund — the \$147,000 Flyer Value Fund — was liquidated to help provide the latest in computer and online resources for the new center, which is located on the first floor of Miriam Hall. Created as part of the current \$8.9 million renovation of the building, the center serves as a hands-on laboratory for student investors and features sophisticated investment management tools and materials.

“Vendor partnerships have enabled us to provide the most advanced portfolio management tools for the students to use, including Bridge Telerate Plus, Bloomberg, StockVal, S&P Stock Reports, Expo, ValueLine and Morningstar,” Sauer said. The partnerships provide more than \$860,000 per year in data and software services.

The equipment is also first class. The center has six computer work stations, each with two monitors. Two Bloomberg terminals provide news and security information while four televisions allow students to monitor CNBC, CNNfn and other networks. A ticker board displays up-to-the-minute information on stock trades, and a traditional bank of clocks shows the time of day in each of the major trading markets. Students can organize teleconferences and videoconferences, and the center has an LCD projector to display presentations and video feeds.

“The technology is the same as they use at the board of trade or Wall Street,” Molina said. “Some security firms don’t even have the technology we use in our center.”

Molina and his team worked together over the summer, using e-mail to communicate with colleagues as far away as Augsburg, Germany, where UD’s School of Business Administration runs a reciprocal program. Managers head divisions that include operations, information systems, development, professional relations, community outreach and undergraduate outreach.

“Most of us have had the opportunity to take the theoretical knowledge we’ve learned in the classroom and apply it in summer jobs and internships,” Molina said. “This center lets all of us get that business feel, to work within a structure that is like corporate America. So when we graduate, instead of just being well-versed in accounting, for instance, we’ll know about leadership and community outreach and technology as well as accounting.”

The investment seminar caps a five-course finance sequence, called the vertically

integrated investment program (VI²P), that was introduced in the School of Business Administration in January.

The program calls for connections between students and money management professionals. Industry professionals counsel students in the program by serving on the program's advisory board of directors, serving as guest speakers and meeting to discuss specific issues. For example, Robert Froehlich, vice chairman of Kemper Funds Group, managing director of Scudder Kemper Investments Inc. and a member of the University's investment committee, has been a regular visitor to the center during the start-up phase of operations this semester.

The new VI²P portfolio will operate along the lines of the two previous student investment funds at UD. Student investors call the shots during the semester they are in the seminar, handing off to a new crop of students when the next semester begins. The students operate under the same guidelines and policies as other University endowment managers, and they report quarterly and annually to the board of trustees investment committee.

Sauer retains veto power over any class decision, but it's a power he's not had to exercise. Trading decisions must be approved by two-thirds of the class. "Their successful performance is reflective of how seriously they take the challenge as well as the intensity of the academic program," Sauer said. "They're well-prepared, bright and motivated."

Students even manage the investments during the summer, to a certain extent. For five summers, Sauer has faithfully tended the portfolios, buying and selling only according to explicit student instructions. "They may tell me to increase holdings in a specific sector or company if certain events occur, for example, but traditionally the summers are quiet. Typically, the need hasn't arisen to trade."

"The infrastructure is in place," Sauer said of the new \$1 million portfolio. Students who initiated the fund in the spring constructed a base of solid securities — with purchases such as Coca-Cola, Procter & Gamble and Wal-Mart — before adding stocks with more aggressive earning potential, such as those in the technology and pharmaceutical sectors. In the final balance, they gave added weight to technology, communication services and health care securities, showing their confidence in the strength of those investment sectors.

Future students who will manage the fund will have a daunting legacy to fulfill: UD's student investors have outpaced professional investors in the past.

For the current year, through the end of November, the Flyer Growth Fund has posted an 18.24 percent return, as compared to the 14 percent earned by the S&P 500. The VT²P Fund, composed of 80 percent equity and 20 percent fixed income securities, has posted a 12.1 percent rate of return, as compared to the 11.1 percent achieved by its benchmark portfolio (80 percent S&P 500 and 20 percent Lehman Brothers Aggregate Bond Index).

During 1998, students saw a 27 percent return on the now-disbanded Flyer Value Fund and a 23 percent return on the Flyer Growth Fund — while the Domestic Equity Mutual Fund earned a 14.5 percent return and the Dow Jones Industrial Average earned 18.13 percent.

The continuing Flyer Growth Fund allows UD students to compare their results directly with other student investors. Oak Associates Ltd., an Akron investment management firm, funds student investment portfolios at colleges and then ranks them each January on performance.

With a 29.94 percent rate of return, UD's team took first place for 1997, the first year it was eligible to compete. Runners-up included Case Western Reserve University (the only MBA-based team in the contest) with a 28.47 rate of return and Denison University with a 20.69 rate of return. The Dow Jones Industrial Average for the year was 22.6 percent.

The students' commitment to maintaining a well-balanced portfolio meant they took a back seat in the 1998 final standings to teams that took a riskier posture by investing heavily in the technology sector. Their 23 percent return couldn't match the profits posted by the top four teams, which earned from 47 to 79 percent returns.

"The top schools were concentrated heavily in technology and they reaped enormous returns for their gamble," Sauer said.

Will it change UD's commitment to balance? Not at all, Sauer said. "We're preparing our students for careers in the investment industry, and one of the challenging and complex issues of portfolio management is weighing risk against potential gains. They're learning to manage an aggressive but well-diversified portfolio — in a responsible way. It's an experiential learning laboratory."